

TENNESSEE STATE FUNDING BOARD

September 8, 2022

The Tennessee State Funding Board (the "Board") met on Thursday, September 8, 2022, at 9:15 a.m., in the Volunteer Conference Center, Cordell Hull Building, 2nd Floor, Nashville, Tennessee. The Honorable Jason Mumpower, Comptroller of the Treasury, was present and presided over the meeting.

The following members were also present:

The Honorable Tre Hargett, Secretary of State
The Honorable David Lillard, State Treasurer
Commissioner Jim Bryson, Department of Finance and Administration

The following member was absent:

The Honorable Bill Lee, Governor

Having established that a quorum was present, Mr. Mumpower called the meeting to order and presented the minutes from the meeting held on July 26, 2022, for consideration and approval. Mr. Hargett made a motion to approve the minutes, and Mr. Bryson seconded the motion. The motion was unanimously approved.

Mr. Mumpower then recognized Mr. Stuart McWhorter, Commissioner of the Tennessee Department of Economic and Community Development ("ECD"), to present FastTrack projects for consideration and Mr. Paul VanderMeer, Assistant Commissioner of Administration, ECD, to present the "FastTrack Report to State Funding Board" (the "Report"). Mr. VanderMeer reported that, as of the date of the July 26, 2022, Board meeting, the FastTrack balance was \$269,706,629.36. Since that time, \$422,794.40 in new funds had been appropriated, consisting of interest earned through the month of June; \$2,789,073.54 in funds had been deobligated; \$1,890,200.00 in new grants and loans had been approved; and \$943,633.04 in funds had been spent on FastTrack administrative expenses, which resulted in an adjusted FastTrack balance available for funding grants and loans of \$270,084,664.26 as of the date of the Report. Mr. VanderMeer reported that total commitments had been made in the amount of \$207,769,802.65, resulting in an uncommitted FastTrack balance of \$62,314,861.61. Mr. VanderMeer reported that the amount of proposed grants for projects to be considered at this meeting totaled \$22,525,000.00, and if these projects were approved, the uncommitted balance would be \$39,789,861.61, for a total committed balance of \$230,294,802.65, which represented 85.3% of the FastTrack balance.

Mr. McWhorter then presented the following FastTrack projects:

- **McNeilus Truck and Manufacturing, Inc. – Murfreesboro (Rutherford County)**
FastTrack Economic Development Grant \$ 3,000,000.00
- **Bridgestone Americas Tire Operations, LLC – Morrison (Warren County)**
FastTrack Economic Development Grant \$ 8,000,000.00
- **Symmco, Incorporated – Surgoinsville (Hawkins County)**
FastTrack Economic Development Grant \$ 1,000,000.00

- **Hankook Tire Manufacturing Tennessee, LP – Clarksville (Montgomery County)**
FastTrack Economic Development Grant \$ 6,000,000.00
- **Piedmont Lithium Inc. – Etowah (McMinn County)**
FastTrack Economic Development Grant \$ 1,525,000.00
- **Wacker Chemical – Charleston (Bradley County)**
FastTrack Economic Development Grant \$ 3,000,000.00

The Board member packets included letters and FastTrack checklists signed by Commissioner McWhorter, and incentive acceptance forms signed by company representatives. Mr. Mumpower inquired if the companies that had signed the incentive acceptance forms fully understood the agreements, and Mr. McWhorter responded affirmatively. Mr. Mumpower then inquired if the checklists had been completed for each project, and Mr. McWhorter responded affirmatively. Mr. Mumpower then inquired if all the projects included accountability agreements which would provide protections for the state in the event the entity could not fulfill the agreements, and Mr. McWhorter responded affirmatively. Mr. Hargett made a motion to approve the projects. Mr. Lillard seconded the motion, and it was unanimously approved.

Mr. Mumpower then recognized Ms. Sandra Thompson, Assistant Secretary to the Board and Director of the Division of State Government Finance (“SGF”), to present for consideration for approval a “Resolution Certifying and Authorizing the Allocation of Funds to the Sinking Fund for the 2022-2023 Fiscal Year”. Ms. Thompson stated that the resolution certified the amount of taxes and fees that would be deposited into the sinking fund to cover debt service expenses for fiscal year 2022-2023. Ms. Thompson then stated that the resolution would be effective as of July 1, 2022. Mr. Lillard made a motion to approve the resolution, and Mr. Mumpower seconded the motion. The motion was unanimously approved.

Mr. Mumpower then recognized Ms. Thompson to present for acknowledgement the cancellation of bond authorizations pursuant to Public Chapter 1133, Public Acts of Tennessee, 2022. Ms. Thompson stated that it was requested that the Board acknowledge the cancellation of a total of \$221,696,000.00 of bonds in accordance with the authority provided in Section 10, Public Chapter 1133, with an effective date of June 1, 2022. Ms. Thompson further stated that the Board members were provided the resolution that outlined the bond authorizations that were cancelled in their packets. The Board acknowledged the cancellation. No further action was necessary.

Mr. Mumpower then recognized Ms. Betsy Knotts, Director of the Division of Local Government Finance (“LGF”) to present a Report (the “Report”) on the Notice of Default by the Economic Growth Engine Industrial Development Board (“EDGE”) of Memphis and Shelby County. Ms. Knotts stated that a summary memo describing the notices of default was provided in the Board members’ packets. Ms. Knotts then reported that LGF had received two notices of default in connection with EDGE’s Series 2017C and Series 2017D Graceland Bonds. Ms. Knotts further reported that this was the third default notice for the 2017C bonds and the fourth default notice for the 2017D bonds. Ms. Knotts then stated that, based on the significant event notice posted on the MSRB website, it was her understanding that the master trustee did not intend to pursue any remedies at that time with respect to the 2017C default. Ms. Knotts further stated that the failure to make payment on the 2017D bonds was not a default under the bond indenture but was a default under state law. Ms. Knotts then reported that the total monetary value to date of the Series 2017C defaults was \$2,559,375 and \$1,100,876 for the Series 2017D defaults. Ms. Knotts then stated that during the last presentation to the Board regarding defaults by EDGE she had noted that the Series 2017A bonds could go into default. Ms. Knotts further stated that she had spoken with James McLaren, Adams and Reese LLP, who was hopeful that EDGE would be able to make the upcoming January 1, 2023, interest

payment; however, because the City TIF payment received by the Trustee prior to January 1, 2023, will not be sufficient to make the January 1, 2023 payment, EDGE's ability to make the payment will be dependent upon the amount, if any, of TDZ revenue that is received by the Trustee for the period ending June 30, 2022.

Further, even if the January 1, 2023, interest payment is made, it is anticipated that sufficient funds will not be available to make the July 1, 2023, principal and interest payment since the only other source (besides the City TIF and TDZ revenues otherwise not used for the January 1, 2023, payment) of revenue is the County TIF payment to be received by the Trustee in the first six months of 2023.

Mr. Mumpower then stated that, at the request of the local community, the state legislature had taken action during the last legislative session to try to help remedy the situation moving forward. Mr. Mumpower then asked if the people involved with the project or leadership of the community had yet to see the effect of the legislation, and if the legislation would be helpful in preventing future defaults. Ms. Knotts responded that she believed the legislation should be helpful but was not sure that they were seeing any effects as yet. Mr. Mumpower responded that the legislation had only gone into effect in July so there hadn't been much time to see its effect. No further action was necessary.

After Mr. Mumpower requested other business and heard none, Mr. Bryson made a motion to adjourn the meeting, and Mr. Lillard seconded the motion. The motion was unanimously approved, and the meeting was adjourned.

Approved on this 19th day of October 2022.

Respectfully submitted,



Sandra Thompson
Assistant Secretary

